

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER
OFFICE OF TAX AND REVENUE



March 3, 2021

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DISTRICT OF COLUMBIA SALES TAX EXEMPTION PAYMENT POLICY FOR FEDERAL GOVERNMENT AND DISTRICT OF COLUMBIA AGENCIES ADDITIONALLY, OTHER LISTED STATE GOVERNMENTS AND THEIR POLITICAL SUBDIVISIONS, FEDERAL CREDIT UNIONS AND ORGANIZATIONS RECOGNIZED AS D.C. SALES TAX EXEMPT

In accordance with D.C. Code § 47-2005 and 9 DCMR § 445 sales to the U.S. government are exempt from sales tax if the charges are directly incurred and paid for by the U.S. government. In order for the sale to be exempt from sales tax, the payment must be made with a government check, purchase order paid directly to the vendor, or with a credit card that is billed directly to the government.

Beginning November 30, 2018, GSA transitioned to the GSA SmartPay 3 Master program. Federal agencies may use a centrally billed account (“CBA”) credit card to make a tax exempt purchase. The GSA SmartPay 3 program uses five categories of cards: fleet, purchase, travel, tax advantage travel, and integrated. The cards are embossed with the GSA SmartPay 3 logo and are imprinted with “For Official Government Use Only.”

Purchases made with fleet cards and purchase cards are tax exempt because they are always made through a centrally billed account (“CBA”). The account numbering structure for all fleet and purchase cards is as follows:

Prefix (1 st four digits)	Type of Card	Taxable or Exempt from Sales Tax	Issued By	Billing Type
4486, 4614 (Visa) 5563, 5565, 5568 (MasterCard) 5565, 6900, 7071 (WEX) 7088 (Voyager)	Fleet Card	Exempt from Sales Tax	Citibank, and U.S. Bank	CBA
4614, 4716 (Visa) 5565, 5568 (MasterCard)	Purchase Card	Exempt from Sales Tax	Citibank, and U.S. Bank	CBA

U.S. government agencies will be allowed to use GSA SmartPay travel cards: travel, fleet, and purchase cards with the employee's name. A certificate of exemption is not required for Federal agencies using the cards since the statute and regulations already exempt sales to the U.S. government. A photocopy of the card is prohibited for verification of a U.S. government sale and may not be retained by the vendor due to security issues.

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However, the credit card receipt will indicate the account number, which will validate the exempt status of the purchase. The receipt must be retained by the vendor in order to substantiate the exemption. Note: travel/integrated cards with the 6th digit of 0, 5¹, 6, 7, 8, or 9 are exempt from District sales tax. Travel cards with a 6th digit of 1, 2, 3, or 4 are not exempt from District sales tax.

Travel and integrated cards can be either CBAs or individually billed accounts (“IBA”). IBAs are not exempt from District sales tax. The account numbering structure for travel and integrated cards is as follows:

Prefix (1 st four digits)	Sixth Digit	Taxable or Exempt from Sales Tax	Platform	Issued By	Billing Type
4486 & 4614 & 4615 (for Visa); 5565, 5568 (for Mastercard)	0, 6, 7, 8, 9	Exempt from Sales Tax	Visa and Master Card	Citibank, and U.S. Bank	CBA
4486 & 4614 & 4615 (Visa); 5565, 5568 (for Mastercard)	1,2,3, or 4	Taxable	Visa and MasterCard	Citibank, and U.S. Bank	IBA
4486, 4614, 4615, 4716 (for Visa); 5565, 5568 for Mastercard	5 ²	Exempt from Sales Tax only for Rental Cars and Lodging Only	Visa and Mastercard	Citibank and U.S. Bank	GSA Smart Pay Tax Advantage Travel.

¹ GSA SmartPay Tax Advantage Travel Accounts are new products offerings that combined an individually billed account (IBA) account and centrally billed account (CBA) providing a means to obtain tax exemption automatically at the point of sale for rental cars and lodging charges. Agencies/organizations not eligible to receive IBAs may not utilize Tax Advantage Travel Accounts. Charges for rental cars and lodging will automatically be billed to a CBA for payment. Meals and incidentals will be billed as an IBA portion of the account will still be taxable.

² GSA SmartPay Tax Advantage Travel Accounts are new products offerings that combined an individually billed account (IBA) account and centrally billed account (CBA) providing a means to obtain tax exemption automatically at the point of sale for rental cars and lodging charges. Agencies/organizations not eligible to receive IBAs may not utilize Tax Advantage Travel Accounts. Charges for rental cars and lodging will automatically be billed to a CBA for payment. Meals and incidentals will be billed as an IBA portion of the account will still be taxable.

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Additional information about the program and how to identify card types can be found at www.smartpay.gsa.gov/content/about-gsa-smartpay#sa372.

Furthermore, the following are also exempt from sales and use tax:

- District of Columbia Government;³
- listed state governments and their political subdivisions;⁴
- Federal⁵ and District⁶ Credit Unions; and
- Organizations that have obtained a sales tax exemption certificate may use a credit card to make exempt purchases, provided that the credit card used is billed directly to and paid by the tax-exempt entity.⁷

Vendors are required to confirm the purchasers Employee ID.

³ D.C. Code § 47-2005(1)

⁴ D.C. Code § 47-2005(2). The below States, Commonwealths or Territories of the United States which are exempt from District of Columbia Sales and Use Taxes. A copy of their Special Letter of Exemption (FR-300) from the Office of Tax and Revenue must be presented to vendors as evidence of exempt status:

Alaska
Florida
Guam
Illinois
Indiana
Iowa
Maryland
Michigan
New Mexico
North Dakota
Ohio
Oregon
Pennsylvania
Puerto Rico
U.S. Virgin Islands

⁵ 12 U.S.C. § 1768

⁶ D.C. Code § 26-511.01

⁷ D.C. Code § 47-2005(3)